Shaping the Future of Healthcare
Emerging global trends have defined the need to develop pharmaceutical products that offer preventative solutions to illness and premature death. Nabi Biopharmaceuticals is positioned to successfully address this need by delivering innovative products that cannot only improve clinical outcomes for patients and save lives, but also reduce the financial burden on the healthcare system.

In 2004, the Nabi Biopharmaceuticals team moved the company closer to addressing the global, unmet medical needs in its four primary business areas: Gram-positive bacterial infections, hepatitis, kidney disease, and nicotine addiction. Our commitment to innovative approaches in these four areas will help shape a promising new future for healthcare around the globe.
DEAR SHAREHOLDERS,

2004 was a year of record achievement for Nabi Biopharmaceuticals. These achievements were realized because of the contributions and unwavering commitment of our 700 employees in the U.S. and Europe. Those accomplishments include:

— We filed for licensure of PhosLo® and Nala-HB® Intravenous in Europe.
— Our Marketing Authorization Application, or MAA, to market StaphVAX® our lead investigational product for preventing hospital-acquired bacterial infections, in the European Union was completed and filed two years ahead of our original goal.
— Our 3,600-patient StaphVAX Phase III efficacy study was initiated and fully enrolled in approximately 10 months.
— In October 2003, we signed an agreement with our manufacturing partner, Cambrex Bio Science Baltimore, Inc., and within 10 months successfully produced three consistency lots of StaphVAX, a critical milestone as we prepare for commercialization in Europe.
— In eight months we completed construction of one of the most sophisticated, technologically advanced vaccine manufacturing facilities in the world; this facility is located in Boca Raton, Florida.
— Our Phase II NicVAX™ results showed a 33% quit rate in smokers who received the drug at the highest dose level, versus 9% in the placebo group.
— We grew PhosLo prescription sales by 7%; and grew equivalent bottle sales by 9% over comparable 2003 levels.
— Total biopharmaceutical sales rose 2% and overall gross margin reached a record level of 48% of sales.
— We made important additions to our leadership team in the areas of Sales and Marketing and Business Development.

At Nabi Biopharmaceuticals, helping to shape the future of healthcare underlies everything we do. Not since the introduction of penicillin in 1943 has there been even the promise of a new approach to address life-threatening bacterial infections such as Staphylococcus aureus, or S. aureus. Today, Nabi Biopharmaceuticals is poised to make that promise a reality for the millions of patients around the world who are at risk each year.

S. aureus infections are a large and growing global health concern due to a combination of the aging population, the evolution of “smart” bugs that evade current antibiotic treatments; an increase in the number of invasive synthetic device implants; and increased use of immunosuppressive treatment modalities, such as drugs and radiation.

More than ever before, regulators and policy makers around the globe are embracing the idea that prevention — stopping a problem before it harms a patient — represents the best solution and the future of healthcare. That is also our clear focus as a company. That is why we doubled our efforts and our investment in research and development in 2004. If approved by regulators, StaphVAX will be the first and only solution to prevent the most prevalent and dangerous strains of Gram-positive bacteria and to combat the resistance issues that plague many of today’s antibiotic therapies.

At Nabi Biopharmaceuticals we also believe in finding the most effective and comprehensive therapeutic solutions for patients who develop S. aureus infections. We have called on our expertise, our creativity, our passion and our purpose as a company. Altastaph™ is being developed to treat hospitalized adult patients with persistent S. aureus bloodstream infections. Recent clinical data showed that patients treated with Altastaph in combination with antibiotics benefited from a five-day reduction in the median length of hospital stays versus patients that received antibiotics and placebo. Reducing hospital stay from 14 to nine days could provide significant benefits in terms of patients’ health and lower the cost of care. Because these patients are also at a significant risk of re-infection after leaving the hospital — approximately 30% in an 8-month period according to a 2003 clinical study at Brigham and Women’s Hospital — we believe that this patient population could also benefit from being immunized with StaphVAX at hospital discharge to elicit long-term protection. We hope to initiate combination clinical studies on the use of Altastaph and StaphVAX in these patients during 2005.

In 2004 we were also very pleased to report that third-party scientific data and physician sentiment supported the use of PhosLo to treat hyperphosphatemia in U.S. dialysis patients. Results of the CARE study,
the only double-blinded, randomized, controlled, head-to-head trial between PhosLo and the other leading prescription product in the U.S., sevelamer hydrochloride, support that PhosLo should remain first-line treatment for hemodialysis patients. From a clinical perspective, the data showed that PhosLo attained the National Kidney Foundation’s K/DOQI guidelines in controlling serum phosphorus levels and calcium phosphate product better than the other prescription therapy. From a pharmacoeconomic perspective, the results also showed that if sevelamer hydrochloride was used to treat the over 330,000 U.S. dialysis patients, the costs to treat these patients would increase by as much as $500 million per year.

When approved in Europe, PhosLo will help us establish our commercial presence in nephrology and set the stage for a successful StaphVAX launch. In 2004 we also continued to advance the clinical program for PhosLo with the initiation of the CARE 2 study. This study is evaluating PhosLo plus Lipitor® versus Renagel® (sevelamer hydrochloride) plus Lipitor® to provide a comparison of each drug’s ability to control phosphate and calcium phosphate product over a twelve-month period. In addition, the study will provide a true comparison of arterial calcification to support that calcium is not a significant cause of soft plaque build-up. In fact, we expect to demonstrate that patients treated with PhosLo and Lipitor® will have equal control of lipids, comparable arterial calcification, and better control of serum phosphate and calcium phosphate product at about one-third to one-half the cost of Renagel plus Lipitor®-treated patients. Preliminary results will be available in 2005; arterial calcification results will be available in 2006. We also expect to initiate a study with PhosLo in chronic kidney disease, or CKD, patients to support a broader label for PhosLo. There are over one million Americans suffering from chronic kidney disease.

2005 will be an equally important year of transformation for Nabi Biopharmaceuticals. Our goals are clear:

— File a Biologics License Application, or BLA, to market StaphVAX in the U.S.
— Report results from our immunogenicity studies with StaphVAX in cardiovascular and orthopedic surgery patients. These data will be important toward achieving our goal of expanding the use of StaphVAX beyond end-stage renal, or kidney, disease patients.
— Initiate additional clinical studies for vaccines for preventing infections to include Staphylococcal epidermidis, or S. epidermidis, and S. aureus Type 336 bacterial infections, the objective of which is to expand the efficacy for StaphVAX beyond S. aureus Types 5 and 8.
— Initiate additional studies of Altastaph for the treatment of hospitalized adult patients with persistent S. aureus bloodstream infections.
— Advance our next generation Altastaph product for preventing infections to include S. epidermidis, a dangerous and prevalent pathogen that plagues low birth-weight infants.
— Generate cash flow from product sales to help fund our development programs.

We look to the future and see many opportunities before us. As in 2004, the talents and dedication of Nabi Biopharmaceuticals’ employees will continue to drive our success. We will continue to pursue our goals, aligned with our standards of quality, values, integrity and ethics. And we will remain steadfast in our commitment to advance science, stimulate innovation and provide better solutions for patients and healthcare providers around the globe.

Sincerely,

Thomas H. McLain
Chairman, CEO and President
March 25, 2005
Supercharging the Immune System with StaphVAX
The body’s immune system works as a vigilant, powerful army against infections. When it’s weakened or compromised, the body becomes vulnerable to illness. StaphVAX is designed to empower the body’s natural ability to prevent *S. aureus* infections before they can harm patients.
4

Skin is the location at which most microorganisms are stopped.

Bacteria and viruses can enter when the skin is punctured or through the mucous membrane.

B- and T-cells (lymphocytes) fight foreign "invaders" and keep the body healthy.

Go get 'em.

How the immune system reacts to common bacteria.
The immune system is a constellation of molecules, cells and organs whose complex interactions can protect a person from both outside “invaders”, as well as the body’s own internal “invaders.” This efficient system can be divided into elements that are innate (non-adaptive or non-specific), and those that are acquired (adaptive or specific).

Key components of the innate immune system are the skin and mucous membrane. The importance of skin in resisting infection cannot be overemphasized, since it is the location at which most microorganisms are stopped.

The acquired immune system is characterized by specificity and memory. That is, the acquired immune system is able to distinguish foreign cells from the body’s own cells and its memory enables resistance to re-infection from the same invader for an extended period of time.

B- and T-cells (lymphocytes) mount the defense.

B-cells are responsible for the specific and rapid response to extracellular microorganisms (including bacteria and viruses), against which they produce soluble factors known as antibodies (immunoglobulin). T-cells act as the coordinator of other acquired immune responses. They are also the primary responders to long-term intracellular infections.
When a protein vaccine is injected into a person, it is recognized by an Antigen Presenting Cell, such as a B-cell. The antigen is internalized, processed and digested into smaller fragments (peptides), which are then presented on the surface of these cells. The peptide is recognized by helper T-cells, which release “chemical messengers” and cause the B-cells to proliferate into antibody-producing plasma cells. Protein antigens stimulate T-cell dependent, strong and high affinity antibody response.

Many bacterial pathogens, such as S. aureus, carry a polysaccharide (sugars) structure on their surfaces. These polysaccharides help the pathogen hide from the immune system and cause disease.

S. aureus bacterial infections are caused when a break occurs in the skin or mucous membrane due to a burn, trauma, or insertion of a device during a surgical procedure. The bacteria travel to the bloodstream, multiply, and release toxins. Even though a mild response is then mounted, the bacteria largely escape effective detection by the immune system.
Smart bugs in disguise.

How the immune system reacts to S. aureus.

S. aureus enters the bloodstream from a cut, scrape, or burn.

Its polysaccharide surface cloaks S. aureus from the lymphocytes.

S. aureus can then multiply and release toxins with no resistance.
They can run, but they can’t hide.

How StaphVAX empowers the immune system against *S. aureus*.

StaphVAX is injected into the body.

StaphVAX is recognized, internalized and broken down by lymphocytes, supercharging the immune system.

Now, when *S. aureus* enters the bloodstream, the lymphocytes, with the help of other components of the immune system, attach to the surface of *S. aureus* and break down the bacteria.
New immunogens empower response to polysaccharides.

Over the past twenty years, a new technology has been developed, which involves linking otherwise non-immunogenic polysaccharides isolated from bacteria to protein antigens, thereby empowering the body’s immune system to recognize the polysaccharide. These new immunogens were shown to induce strong, high affinity and reasonably long memory immune responses in adults and in infants. In collaboration with The National Institutes of Health, Nabi Biopharmaceuticals has developed a novel vaccine against S. aureus — StaphVAX — based on this approach.

How does StaphVAX work?

- Upon immunization, StaphVAX induces antibodies to two prevalent and dangerous S. aureus bacteria: Types 5 and 8.
- These antibodies attack the bacteria on many sites of the sugar coating that surrounds the bacteria.
- This attack stimulates bacteria killing by the white blood cells.
- The bacteria are then cleared from the bloodstream.
Hospital-acquired infections cost the U.S. over $34 billion a year. At Nabi Biopharmaceuticals, we believe an effective approach to preventing these infections in hospitals could have a significant impact on improving patient outcomes and reducing healthcare costs. StaphVAX is Nabi Biopharmaceuticals’ investigational polysaccharide conjugate vaccine being developed to prevent hospital-acquired *S. aureus* infections in end-stage renal disease (ESRD) patients and other at-risk patients. Following regulatory approvals, Nabi Biopharmaceuticals intends to launch StaphVAX in Europe in 2006 and in the U.S. in 2007.
StaphVAX: A Paradigm in Preventative Care
Worldwide, 95% of patients with *S. aureus* infections no longer respond to first-line antibiotics.

*S. aureus* is the most common cause of hospital-acquired bacterial infections and can spread from the blood (bacteremia) to cause serious secondary infections in the bones (osteomyelitis), or the inner lining of the heart and its valves (endocarditis), or it can cause abscesses in internal organs such as the lungs, liver and kidneys. People most at risk for these infections are surgical patients, trauma or burn victims, and patients with chronic illnesses such as diabetes, cancer, and lung or kidney diseases. People whose immune systems are suppressed due to their underlying disease, chemotherapy, or radiation therapy, are also more susceptible to these infections.

At the 2004 annual meeting of the American Heart Association, study results from Duke University Medical Center showed that *S. aureus* bacteremia in patients with cardiovascular devices caused a significant increase in the incidence of medical complications, treatment costs and death. Among the 122 patients evaluated, 44% experienced serious complications as a result of their infection and 35% died within 12 weeks. The study also demonstrated that *S. aureus* bacteremia was associated with substantial medical costs — individual patients incurred a mean cost of $82,300 for a hospital-acquired infection.

In 2004, Nabi Biopharmaceuticals initiated additional StaphVAX clinical studies in other patient groups at risk for infection, such as cardiovascular and orthopedic surgery patients. The goal of the studies is to prove that StaphVAX stimulates antibody levels in these patients comparable to levels shown to be protective in immune-compromised ESRD patients. The data from the studies will be important for defining the potential to expand the use of StaphVAX beyond the ESRD patient population to additional at-risk patient groups.

Clinical Need

* S. aureus is the most common cause of hospital-acquired bacterial infections and can spread from the blood (bacteremia) to cause serious secondary infections in the bones (osteomyelitis), or the inner lining of the heart and its valves (endocarditis), or it can cause abscesses in internal organs such as the lungs, liver and kidneys. People most at risk for these infections are surgical patients, trauma or burn victims, and patients with chronic illnesses such as diabetes, cancer, and lung or kidney diseases. People whose immune systems are suppressed due to their underlying disease, chemotherapy, or radiation therapy, are also more susceptible to these infections.

Hospital-acquired infections cost the U.S. over $34 billion a year.
In the U.S. alone, an estimated 12 million patients are put at risk for acquiring a bacterial infection as a consequence of being treated in a hospital, nursing home or dialysis center each year. According to the Centers for Disease Control, over two million of these patients will actually develop an infection. Within the 5,400 acute care hospitals in the U.S., *S. aureus* is the leading cause of these hospital-acquired bloodstream infections and is becoming increasingly resistant to antibiotics. In the European Union’s 7,600 acute care hospitals, *S. aureus* is the cause of bloodstream infections 19% of the time, a figure that nearly matches the U.S., where 25% of bloodstream infections acquired in hospitals are caused by *S. aureus*.

Worldwide, it is estimated that over 95% of patients with *S. aureus* infections no longer respond to first-line antibiotics, such as penicillin or ampicillin. Methicillin is an alternative treatment for *S. aureus* infections, but the incidence of Methicillin-resistant *S. aureus* (MRSA) rose from 22% in 1995 to 57% in 2002 in the U.S. The Centers for Disease Control estimate that in 2002 there were approximately 100,000 cases of hospital-acquired MRSA infections in the U.S. and the number of these infections is only worsening. *Vancomycin* is now considered the treatment of last resort, but *S. aureus* has also developed resistance to this antibiotic. Resistance to *Vancomycin* is expected to increase significantly over the next decade.

The European Antimicrobial Resistance Surveillance System reported significant increases in MRSA infections throughout Europe from 1999–2004. The greatest percentage increases were reported in Belgium, Germany, Ireland, The Netherlands and the United Kingdom (UK). For example, the rate of MRSA infections in the UK rose from 33% in 1999 to 44% in 2004. In early 2005, The Lancet, a leading, peer-reviewed journal, published a study revealing that the overuse of antibiotics in Spain, Greece, Italy, Portugal and France is causing high rates of antibiotic resistance. The rates of MRSA are even greater in certain Asian countries (72% MRSA rate in Japan, 74% in Hong Kong).

**A Cascade of Benefits with StaphVAX**

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>STAPHVAX SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infections keep patients in the hospital longer.</td>
<td>Reduced burden on the healthcare system by preventing infections before they occur, cause harm, and lengthen patient hospital stays.</td>
</tr>
<tr>
<td>Large and growing unmet medical need.</td>
<td>Potential to prevent <em>S. aureus</em> infections in the over 20 million at-risk patients in the U.S. and Europe.</td>
</tr>
<tr>
<td>&quot;Smart&quot; bugs are overwhelming patients’ immune systems.</td>
<td>Proven, novel technology not prone to resistance.</td>
</tr>
</tbody>
</table>
A combination therapy approach with Altastaph (for treatment) and StaphVAX upon hospital discharge (for long-term prevention from relapse) will offer important therapeutic and preventative benefits to patients afflicted with these life-threatening infections.

StaphVAX and Altastaph:
A Powerful Combination

StaphVAX and Altastaph share a common mechanism of action. When antibodies to *S. aureus* attach to the outer capsule of the bacteria as it circulates in the blood, they trigger an immune response, enabling the body’s white blood cells to recognize the bacteria and destroy it before it can lead to a serious secondary infection.
Recent clinical data from Brigham and Women’s Hospital showed that patients treated for a serious S. aureus infection and released from the hospital are at a very high risk for recurrence within a relatively short period of time.

Nabi Biopharmaceuticals believes that a combination therapy approach with Altastaph (for treatment) and StaphVAX upon hospital discharge (for long-term prevention from relapse) will offer important therapeutic and preventative benefits to patients afflicted with these life-threatening infections.

Nabi Biopharmaceuticals’ Altastaph is being developed to treat hospitalized adult patients with persistent S. aureus bloodstream infections. In early 2005, Nabi Biopharmaceuticals reported results from a clinical study that indicated there could be as much as a 36% reduction in median time from administration of the study drug to hospital discharge in patients treated with antibiotics in combination with Altastaph versus patients treated with antibiotics plus placebo (nine days in the Altastaph group versus 14 days in the placebo group). This substantial reduction in length of hospital stay for the Altastaph-treated group indicates that S. aureus antibodies provided by Altastaph could be associated with considerable medical benefit in the treatment of persistent S. aureus infections. Additionally, because patients were treated effectively and went home sooner, Altastaph represents another solution to reducing the financial burden of these infections on the healthcare system.

Recent clinical data from Brigham and Women’s Hospital (Clinical Infectious Diseases, 2003, 36: 281–285) showed that patients treated for a serious S. aureus infection and released from the hospital are at a very high risk for recurrence within a relatively short period of time.
At the core of everything that happens at Nabi Biopharmaceuticals, whether it’s advancing our global strategy, reaching a critical milestone in record time, or seeking the next blockbuster drug, are a set of five core values developed by the very employees who implement them. They define the unique culture of our company and they will be critical elements of our future successes.

What are these values?

First, we seek to understand our customers’ needs — whether the customer is the physician prescribing treatment, the clinician administering that treatment, the patient receiving it, or the reimburser paying for it. We continually search for innovative solutions that not only improve health, but also have the potential to reduce the spiraling cost of healthcare.

Second, we are results oriented. For example, our Nabi Biopharmaceuticals “Balanced Scorecard” monitors individual, team, department and company performance to ensure that all our activities are aligned with our corporate vision, mission and strategy and that we achieve our goals.

Third, we believe the best and most effective way to succeed is through teamwork. Departmental and cross-functional team members openly share information and contribute their talents and abilities to achieve our goals. We also look for employees who bring a diverse set of experiences and perspectives to enrich our team.

Fourth, we are learning focused. Operating as we do in an intensely intellectual and scientific environment, we seek to continuously update our knowledge and skills to respond to today’s competitive environment, to anticipate change and to maintain an advantage in all the markets in which we compete.

Fifth, we must be change ready. For Nabi Biopharmaceuticals employees, there is no “inside the box” or “outside the box.” We operate in one seamless environment where everyone is encouraged to rethink old ways and pursue new ones to keep the business in a state of continuous improvement.

Nowhere has effective teamwork mattered more than in entering the European marketplace.
A few examples will demonstrate how these core values translated into Nabi Biopharmaceuticals’ success in 2004.

First, the company completed three European regulatory filings in 2004, far exceeding the team’s expectations. Most notably, we completed the StaphVAX filing 24 months ahead of our original plans, an impressive accomplishment by any standard.

The company completed three European regulatory filings in 2004, far exceeding the team’s expectations.

We completed the StaphVAX filing 24 months ahead of our original plans.

24 months ahead of our original plans, an impressive accomplishment by any standard.

The StaphVAX filing was our first application for a vaccine product and the first product developed fully from benchtop to license submission by Nabi Biopharmaceuticals. It would not have happened were it not for a tremendous effort on the part of Nabi Biopharmaceuticals employees from top to bottom.

This filing is not only an important milestone for advancing our nephrology franchise and building our commercial presence in Europe, it addresses one of the European Union’s most pressing public healthcare concerns: *S. aureus* infections.

Nabi Biopharmaceuticals’ new vaccine manufacturing facility in Boca Raton, Florida is another example of our drive to beat the clock — and to establish ourselves as a fully integrated biopharmaceuticals company.

The construction of this facility, which was completed in only eight months, versus an industry norm of two to four years, will greatly enhance our manufacturing capacity, enabling us to meet anticipated global demand for our products as soon as they are licensed. When the capacity of our vaccine facility is combined with the capacity being developed with our manufacturing partner, Cambrex Bio Science Baltimore, Inc., we will be positioned to provide a smooth and uninterrupted supply of StaphVAX to the marketplace.
Nabi Biopharmaceuticals' core values also contribute to our search for the next blockbuster drug. We have a deep pipeline of biopharmaceutical products for Gram-positive bacterial infections, hepatitis, kidney disease and nicotine addiction. Behind each of these products — and some are not yet in the pipeline — is a team of people who want to contribute to the answer for some of today’s most significant unmet medical needs.

Today, Nabi Biopharmaceuticals has an array of products being studied in clinical trials, including experimental vaccines for *S. aureus* infections and nicotine addiction and antibody-based therapies for *S. aureus* infections and hepatins B and C. Any or all of these could help address the significant medical needs of people around the world.

In 2004, Nabi Biopharmaceuticals completed the construction of a new vaccine manufacturing facility in just eight months — an accomplishment unheard of for such a complex facility.

Our five core values are part of what we do everyday. Combined with our commitment to quality, integrity and ethics, they form the company culture that will drive our success. All of us believe in the promise of biotechnology, and we understand that our work has profound implications for the health of patients around the world. Our employees know that what we do affects the lives of millions of people. People with serious medical needs. People at risk. People with no other solutions.

What better reasons to be motivated and inspired when we come to work each morning?
A spectacular DAY in THE LIFE.

At Nabi Biopharmaceuticals, we’ve long been convinced that the personal goals individual employees achieve not only shape the attitudes they bring to the workplace; they help to mold the company itself—and more importantly, the value we bring to the marketplace. The stories in this section of our Annual Report illustrate this point. Some are about overcoming awe-some challenges; some are heartwarming; some are about refusing to quit. All of them are told in the employees’ own words.
When I was 10 years old, I brought home a tambourine and showed it to my father. With every passing day, I loved playing the tambourine more and more; I practice every day. I was hooked. I played my first show when I was 11 and haven’t stopped since. I’ve played all across the globe — 15 countries in all. I moved from my native country of Brazil to the United States in 1994 and since then many opportunities have come my way. I recently published a CD and book on how to play the tambourine and I hope to start college soon and improve my English. This was a great challenge and a great joy. Music is in me and always will be.

Carlos Silva  General Custodial Worker
I'd trained hard for a race to benefit juvenile diabetes, and now the day was here. I was hyper — I wanted to run as fast as I could. But I knew I had to pace myself in order to finish. As I ran, mile-by-mile, my legs cramped, my knees burned, my eyes stung. But I wasn’t about to quit — I knew I could do it. And I did — I crossed the finish line running! It was a personal achievement for a great cause.
When she was six years old, my daughter Jenny was diagnosed with Nephrotic Syndrome, a kidney condition that, if not treated, can lead to leukemia. No one knows what causes it, but she has to be on steroids and watch her diet carefully. We’ve tried acupuncture and herbal medicine too. Yet through it all, she’s stayed a happy, cheerful child — even though she can’t eat pizza with her brother! It’s been tough. But thanks to a fantastic team here at work, we’ve been able to handle it all.

Jiulin Xia, Ph.D.  Senior Scientist, Process Development

“Through a crisis, a happy child.”
My wife Heather and I compete in Adventure Races — a grueling, 110-mile non-stop race that combines running, paddling, hiking, and carrying your bike through knee- and waist-high swamps. It’s a team race, so to successfully complete it, all team members must complete the race, from start to finish. Everyone has to finish, or the whole team loses. We trained for three months, and it was just as intense and difficult as we expected. After 29 non-stop hours, our team was almost ready to give up — we still had 40 miles to go and one of the team members developed hypothermia. But we kept going and helped him out. Once he got his strength back, he helped to pull the rest of us over the finish line. We finished at hour 35, placing 1st in our division. We prepared well, expected the unexpected and refused to quit.

Jim Gregorios  Specialty Program Manager, BioMedical Center
A few years ago, my best friend gave birth to a baby under 800 grams — less than two pounds. The baby, a little girl named McKenzie, had to stay in the hospital for three months. During that time, my friend was asked if she would let the baby be part of a clinical trial for a complication of premature birth. She was worried and didn’t know how to respond. But because I know something about clinical trials, I was able to reassure her that babies in declared, approved trials usually do fine, largely because they get so much attention from caregivers. Thankfully, McKenzie did do fine, and today she’s a beautiful, energetic 18-month old. I’m proud to have been part of her story and in her life today.
I was born in Denmark, but at 18 I left to find greater opportunity. For a while, I lived in London, but my real goal was the United States. The journey was filled with joys and challenges — I didn’t know the language or the culture — but I was focused. I knew I wanted an education and a satisfying career. Today I can say it was all worth it. I know I’m making a difference. Direction, discipline and patience were the qualities I had with me when I began my journey, and they’re the tools I use every day, in life and work.
When I was four years old, my father wanted to buy me a pony, but he knew I had to learn to ride horses first. As it happened, the stable where I had my first riding lesson developed Olympic-level equestrians. Fortunately, I loved it from the start and I thrived on the pressure of training. By the time I was eight, I was riding 24 hours a week. When I was 15, I had earned the right to compete among the best in the world and by 17, I made the U.S. Olympic team. But one of my most special memories is winning an event at the Cow Palace in 1991, because I had tried for five years to win it and it defined my entire career as an equestrian — most of all, because my mom, who worked long hours and usually couldn’t come to see me ride, was able to share in my win for the first time. There is no feeling in the world like achieving a goal — and being able to share it.

Rebecca van Doren  Pacific District Manager
With one of the most sophisticated, technologically advanced vaccine manufacturing facilities in the world, Nabi Biopharmaceuticals is building an infrastructure with a global vision in mind.

SCALING

In 2004, Nabi Biopharmaceuticals completed the construction of a new vaccine manufacturing facility in just eight months — an accomplishment unheard of for such a complex facility.

More than ever before, biotechnology companies must dedicate appropriate resources to building the most compliant, effective, efficient and safe manufacturing facilities. Patient health depends on it.

Nabi Biopharmaceuticals’ new world-class vaccine manufacturing facility will support production of its vaccine product portfolio. Production in the facility will initially be dedicated to support the commercialization of StaphVAX. Innovative design features were added to allow for manufacturing flexibility and capacity for the production of NicVAX, being developed to prevent and treat nicotine addiction, as well as Nabi Biopharmaceuticals’ next generation of Gram-positive vaccine products.
Highly trained technicians performing calibration adjustments during final qualification of the state-of-the-art centrifuge, in one of the upstream suites of the facility, prior to initiation of engineering trial vaccine lots manufacturing.
Fermentation technicians in the fermentation suite taking readings of the control panel (front of picture) instruments during validation of this state-of-the-art fully automated large-scale bacterial fermenter (back of picture).
Purification technicians, conducting validation of the chromatography skids, which control the column chromatography equipment (back of picture) used in the purification of vaccines.
Burgeoning Pipeline

Nabi Biopharmaceuticals is advancing a deep pipeline of novel vaccines and antibody-based products to treat and prevent serious medical conditions. Our diversified portfolio, which includes marketed and development-stage products, could represent a multi-billion dollar worldwide revenue opportunity.
<table>
<thead>
<tr>
<th>Condition</th>
<th>Product(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyperphosphatemia (ESRD)</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
<tr>
<td>Hepatitis B</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
<tr>
<td>Hepatitis B Intravenous (Liver Transplant)</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
<tr>
<td>Hepatitis B Intravenous (Liver Transplant)</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
<tr>
<td>Hepatitis B Intravenous (Liver Transplant)</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
<tr>
<td>Hepatitis B Intravenous (Liver Transplant)</td>
<td>PhosLo® (calcium acetate), Nabi-HB™ [Hepatitis B Immune Globulin (Human)], Nabi-HB Intravenous [Hepatitis B Immune Globulin (Human Intravenous)], Aloprim™ (allopurinol sodium), StaphVAX® [Staphylococcus aureus Polysaccharide Conjugate Vaccine], NicVAX™ (Nicotine Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], EnteroVAX™ [Enterococcus faecalis Conjugate Vaccine].</td>
</tr>
</tbody>
</table>
Expanding Markets
Gram-positive bacteria, most notably *S. aureus*, *S. epidermidis* and *Enterococcus*, are leading causes of serious hospital-acquired infections. An estimated 12 million U.S. patients are at risk of contracting an *S. aureus* infection each year.

Nabi Biopharmaceuticals is advancing through the clinic a paradigm-changing franchise of vaccines designed to prevent and/or treat one of the most pressing and preventable public health challenges of our time — Gram-positive bacterial infections.

Gram-positive bacteria, most notably *S. aureus*, *S. epidermidis* and *Enterococcus*, are leading causes of serious hospital-acquired infections. An estimated 12 million U.S. patients are at risk of contracting an *S. aureus* infection each year.

Tobacco use is the single most preventable cause of death in the U.S. and is responsible for approximately 440,000 deaths each year. According to the World Health Organization, over one billion people around the world smoke. Tobacco use is expected to kill four million people worldwide within the next year.

NicVAX is a novel and proprietary investigational vaccine to prevent and treat nicotine addiction and to aid in smoking cessation. Nabi Biopharmaceuticals hopes to obtain external funding in 2005 so it can complete its Phase II, dose-optimizing study for NicVAX and subsequently initiate a Phase III pivotal trial.
According to the World Health Organization, approximately 170 million people are infected with hepatitis C; two to four million will be newly infected every year. In the U.S. and Europe, 40% of liver transplants are due to HCV. In the U.S. alone, over one million people are chronic hepatitis B carriers. HBV rates in the European Union are similar.

There are over one million Americans suffering from chronic kidney disease. Over 330,000 U.S. patients are currently undergoing dialysis. Over 200,000 European patients are currently undergoing dialysis.

Civacir, designated as an Orphan Drug, is being developed to prevent hepatitis C disease in HCV-positive liver transplant patients. Civacir also is being evaluated for the treatment of chronic hepatitis C virus infections. If approved, Nabi-HB Intravenous will be the only product available in the U.S. indicated to prevent re-infection of the hepatitis B virus (HBV). Nabi-HB, currently on the market, provides short-term protection to patients following exposure to the hepatitis B virus.

With PhosLo, Nabi Biopharmaceuticals is helping to improve the lives of patients who suffer from the debilitating effects of their dialysis treatments. From a clinical and economic standpoint, PhosLo remains the binder of choice for physicians and first-line therapy for patients.
DIRECTORS

David L. Castaldi
Independent Consultant

Geoffrey F. Cox, Ph.D.
Chairman & CEO
GTC Biotherapeutics, Inc.

George W. Ebright
President & COO (retired)
SmithKline Beecham Corporation

Richard A. Harvey, Jr.
President
Stonebridge Associates, LLC

Linda Jenckes
President
Linda Jenckes & Associates

Thomas H. McLain
Chairman, CEO & President
Nabi Biopharmaceuticals

Stephen G. Sudovar
President & CEO (retired)
EluSys Therapeutics, Inc.

EXECUTIVE OFFICERS

Thomas H. McLain
Chairman, CEO & President

Richard G. Clark
Senior Vice President, Administration and Chief Administrative Officer

Raafat E.F. Fahim, Ph.D.
Senior Vice President, Research, Technical & Production Operations

H. LeRoux Jooste
Senior Vice President, Global Sales & Marketing

Henrik S. Rasmussen, M.D., Ph.D.
Senior Vice President, Clinical, Medical and Regulatory Affairs

Mark L. Smith
Senior Vice President, Finance, Chief Financial Officer, CAO & Treasurer

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
Ernst & Young LLP
One Clearlake Centre, Suite 900
250 South Australian Avenue
West Palm Beach, FL 33401

GENERAL COUNSEL
Anna E. Mack
Senior Director/General Counsel & Assistant Secretary,
Nabi Biopharmaceuticals

CORPORATE SECRETARY
Constantine Alexander
Nutter, McClennen & Fish, LLP
Boston, MA

CORPORATE HEADQUARTERS
5800 Park of Commerce Blvd., N.W.
Boca Raton, FL 33487
T: 561.989.5800
F: 561.989.5801
www.nabi.com

TRANSFER AGENT & REGISTRAR
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
T: 212.936.5100

ANNUAL MEETING
The annual meeting of stockholders will be held:
10AM, Friday, May 13, 2005
Renaissance Boca Raton Hotel
Coral Ballrooms B, C and D
2000 NW 10th Street
Boca Raton, Florida
T: 561.388.5252

MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Nabi Biopharmaceuticals’ common stock is quoted on the Nasdaq National Market under the symbol “NABI.” The following table sets forth for each period the high and low sale prices for the common stock (based upon intra-day trading) as reported by the Nasdaq National Market.

<table>
<thead>
<tr>
<th>Year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter</td>
<td>17.100</td>
<td>12.000</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>17.900</td>
<td>13.550</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>14.440</td>
<td>8.750</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>15.780</td>
<td>11.600</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter</td>
<td>6.590</td>
<td>5.000</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>8.000</td>
<td>5.600</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>9.600</td>
<td>5.250</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>12.370</td>
<td>8.000</td>
</tr>
</tbody>
</table>

The closing price of our common stock on March 3, 2005 was $12.36 per share. The number of record holders of our common stock on March 3, 2005 was 1,021.

No cash dividends have been previously paid on our common stock and none are anticipated in 2005.

Printed in the U.S.A.
© 2005 Nabi Biopharmaceuticals
All rights reserved.

This annual report uses the Company’s trademarks and registered trademarks, including Nabi®, Nabi® (logo), Nabi Biopharmaceuticals®, PhosLo® (calcium acetate), Nabi-HB® [Hepatitis B Immune Globulin (Human)], StaphVAX® (Staphylococcus aureus Polysaccharide Conjugate Vaccine), Altastaph™ [Staphylococcus aureus Immune Globulin Intravenous (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], and NicVAX® (Nicotine Conjugate Vaccine), WinRho SDF® [Rho(D) Immune Globulin (Human)] is a registered trademark of Cangene Corporation, Autoplex® T (Anti-Inhibitor Coagulant Complex, Heat Treated) is a registered trademark of Baxter Healthcare Corporation. Aloprim® [(Allopurinol sodium) for injection] is a trademark of Catalytica Pharmaceuticals, Inc.
Nabi Biopharmaceuticals
5800 Park of Commerce Blvd., N.W.
Boca Raton, FL 33487

Tel: 561.989.5800
Fax: 561.989.5801
www.nabi.com